

Message Text

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ACTION STR-04

INFO OCT-01 ARA-06 IO-13 ISO-00 STRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

FEAE-00 OMB-01 AF-08 EA-07 EUR-12 NEA-10 OIC-02 /138 W
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FM USDEL MTN GENEVA

TO SECSTATE WASHDC PRIORITY 1776

INFO AMEMBASSY CARACAS

LIMITED OFFICIAL USE MTN GENEVA 5841

ACTION STR

H PASS CODEL

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJECT: TROPICAL PRODUCTS CONSULTATION -VENEZUELA

REF: MTN GENEVA 498

1. SUMMARY: IN BILATERAL TROPICAL PRODUCTS (TP)
CONSULTATION WITH VENEZUELAN MTN DEL, US MTN DEL
ELABORATED ON MARCH 1 US OFFER TO NEGOTIATE MFN
TARIFF CONCESSIONS IN TP GROUP, AND PRESENTED
VENEZUELAN DEL WITH SPECIFIC CONTRIBUTIONS TO TP
NEGOTIATIONS US IS SEEKING FROM VENEZUELA. IN
ACCEPTING US LIST OF SUGGESTED CONTRIBUTIONS,
VENEZUELAN DEL STATED IT WAS DOING SO WITH OUT
COMMITMENT, NOTING THAT VENEZUELA SHARED THE
GENERAL LDC POSITION OF NOT MAKING CONTRIBUTIONS IN
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VARIOUS MTN SUBGROUPS BYT ONLY AT THE END OF THE
NEGOTIATIONS WHEN THE NET BENEFITS TO VENEZUELA
WERE KNOWN. END SUMMARY

2. ELABORATION OF US TP OFFER -US MTN DEL (KNEPPER)
HELD BILATERAL CONSULTATION WITH VENEZUELAN MTN DELS
(AMBASSADOR CASTELLANOS, QUINTERO) JULY 20 IN
CONTEXT OF CURRENT ROUND OF BILATERAL TP CONSULTATIONS.
(US MTN DEL HAD SOUGHT CONSULTATION WITH VENEZUELAN
DEL FOR A NUMBER OF WEEKS, BUT IT WAS ONLY IN LAST
SEVERAL DAYS THAT THEY AGREED TO MEET.) US MTN DEL
NOTED TOTAL VALUE TO VENEZUELA OF US TP OFFER WAS
1.7 MILLION IN 1974 VENEZUELAN EXPORTS TO THE US;
THAT VENEZUELA HAD EXPORTED TO THE US 20 PRODUCTS
THAT HAD BEEN INCLUDED IN GLOBAL US TP OFFER: AND
THAT OF EIGHT REQUESTS FOR TARIFF CONCESSIONS ON
VENEZUELAN TP REQUEST LIST, THE US HAD MADE OFFERS ON
SIX. US DEL OBSERVED THAT VENEZUELA HAD LARGEST
TRADE IN FOLLOWING ITEMS ON ITS REQUEST LIST WHICH
WERE INCLUDED IN US TP OFFER LIST TSUS 156.35,
COCOA BUTTER, \$1.4 MILLION; TSUS 152.54, GUAVA PASTE
AND PULP, \$83,000; TSUS 147.85, GUAVAS PREPARED OR
PRESERVED, \$25,000. US MTN DEL ALSO NOTED THAT
VENEZUELA HAD BECOME THE LEADING EXPORTER IN 1974 OF
TSUS 193.10, TONKA BEANS, WITH EXPORTS OF SOME
\$84,000, REPLACING TRINIDAD AND TOBAGO AS THE
LEADING US SUPPLIER. US DEL SUGGESTED VENEZUELA
CONSIDER ADDING TONKA BEANS TO ITS TP REQUEST LIST,
NOTING THAT IT WOULD BE DIFFICULT TO MAKE CONCESSIONS
ON PRODUCTS WHICH HAD NOT BEEN REQUESTED BY THE
PRINCIPAL SUPPLIER. US MTN DEL ALSO NOTED THAT
VENEZUELA HAD EXPORTED TSUS 165.55, FRUIT JUICES, ON
WHICH AN EX-OUT WAS BEING OFFERED ON GUAVA, GINGER,
SORREL, PASSION FRUIT, AND MACEBY JUICES. US
DEL REQUESTED INFORMATION AS TO SPECIFIC JUICES
EXPORTED BY VENEZUELA TO THE US. US DEL INDICATED
US WAS OFFERING MFN TARIFF CONCESSIONS, WHICH THE
US INTENDS TO BIND. MFN TARIFF CONCESSIONS ARE
MORE VALUABLE THAN GSP REDUCTIONS, IN THAT THEY ARE
BOUND AND PERMANENT, GIVING GREATER SECURITY FOR
INVESTMENT PLANNING.
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3. VENEZUELAN DEL INITIAL RESPONSE TO US TP OFFER
VENEQUELAN DEL SAID ITS INSTITUTE OF FOREIGN TRADE
IN CARACAS WAS EVALUATING THE VARIOUS TUP OFFERS THAT
HAD BEEN RECEIVED. VENEZUELAN DEL UNDERTOOK TO
DETERMINE THEIR INTEREST IN TONKA BEANS, AND TO
IDENTIFY SPECIFIC FRUIT JUICES EXPORTED, WITH PRE-
LIMINARY INDICATION THAT THESE WERE PRINCIPALLY
GUAVA AND PASSION FRUIT. VENEZUELAN DEL NOTED THAT
MOST HIGHLY VALUED ACTION IN TRADE FIELD WOULD
BE TO END VENEZUELAN EXCLUSION FROM US GSP.
EXCLUSION HAS CAUSED A SENSE OF POLITICAL EXCLUSION,
WHICH WAS ALSO SHARED BY ECUADOR IN THE LATIN

AMERICAN CONTEXT. US MTN DEL NOTED VARIOUS STATEMENTS THAT HAD BEEN MADE BY USG OFFICIALS CONCERNING DESIRABILITY OF AMENDING OPEC EXCLUSION, INCLUDING MOST RECENT STATEMENTS BY US SPOKESMAN AT OAS GENERAL ASSEMBLY IN SANTIAGO.

4. PRESENTATION OF CONTRIBUTIONS US IS SEEKING FROM VENEZUELA -US DEL PRESENTED VENEZUELAN DEL WITH CONFIDENTIAL NEGOTIATING LIST PREPARED BY WASHINGTON AGENCIES OF FIVE PRODUCTS IN WHICH US IS SEEKING CONTRIBUTIONS TO TP NEGOTIATIONS OF MFN TARIFF REDUCTIONS BY VENEZUELA. US DEL NOTED CONTRIBUTIONS US IS SEEKING WERE CONSISTENT WITH PARA 5 OF THE TOKYO DECLARATION, AND US IS NOT SEEKING FULLY RECIPROCAL CONCESSIONS HENCE THE TRADE VALUE OF CONTRIBUTIONS REQUESTED WAS CONSIDERABLY LESS THAN THE US OFFER. US DEL EMPHASIZED REQUESTED CONTRIBUTIONS HAD BEEN CAREFULLY PREPARED AND WERE NOT A SHOPPING LIST, HOWEVER, US DEL WOULD WELCOME FRANK VENEZUELAN APPRAISAL OF THE VALUE OF THE US OFFER AND SUGGESTED CONTRIBUTIONS.

5. VENEZUELAN DEL INITIAL RESPONSE TO US REQUEST FOR CONTRIBUTIONS - VENEZUELAN MTN DEL STATED IT HAD BEEN INSTRUCTED TO ACCEPT US REQUEST FOR CONTRIBUTIONS ON THE UNDERSTANDING THAT ACCEPTANCE DID NOT IMPLY ANY AGREEMENT OR COMMITMENT TO MAKE CONTRIBUTIONS TO TP NEGOTIATIONS. VENEZUELAN DEL LIMITED OFFICIAL USE
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UNDERTOOK TO EVALUATE US TP OFFER AND REQUEST FOR CONTRIBUTIONS AND TO BE IN FURTHER CONSULTATIONS. VENEZUELAN DEL OBSERVED THAT VENEZUELA HAD LOWERED ITS TARIFFS AND ELIMINATED IMPORR QUOTAS AND LICENSING REQUIREMENTS SEVERAL YEARS AGO, AND INQUIRED IF SUCH ACTIONS COULD BE CONSIDERED AS A "CONTRIBUTION" TO THE NEGOTIATIONS? VENEZUELAN DEL SAID IT SHARED G-77 POSITION THAT DEVELOPING COUNTRIES SHOULD NOT MADE CONTRIBUTIONS IN EACH SECTOR OF THE MTN, BUT ONLY AT THE END OF THE NEGOTIATIONS WHEN THE OVERALL NET BENEFITS TO THE DEVELOPING COUNTRIES WERE KNOWN. VENEZUELAN DE NOTED THAT ANDEAN GROUP COMMON EXTERNAL TARIFF WAS TO BE AGREED UPON BY THE END OF 1977, WHICH COULD COINCIDE WITH THE END OF THE MTN. VENEZUELAN DEL OPINED THAT THE GENERAL OVERALL LEVEL OF THE CXT WOULD BE REDUCED, BUT THAT THERE WAS POSSIBILITY CXT WOULD BE INCREASED ON SOME PRODUCTS ON WHICH THERE WERE PLANS FOR PRODUCTION WITHIN THE ANDEAN GROUP. VENEZUELAN DEL NOTED THAT MAKING TARIFF CONCESSIONS WOULD ALSO INVOLVE CONCESSIONS BY AND NEGOTIATIONS

WITH OTHER MEMBERS OF ANDEAN GROUP.

6. US MTN DEL OBSERVED THAT WHILE PAST ACTIONS ON TRADE LIBERALIZATION BY INDIVIDUAL COUNTRIES CERTAINLY WAS IN THE OVERALL INTEREST OF IMPROVING THE INTERNATIONAL TRADING SYSTEM, THAT IT WOULD BE DIFFICULT TO GIVE NEGOTIATING CREDIT FOR ACTIONS UNDERTAKEN OUTSIDE OF THE CONTEXT OF THE CURRENT ROUND OF TRADE NEGOTIATIONS. US DEL ALSO NOTED AMBASSADOR WALKER HAD CLEARLY STATED AT LAST MEETING OF TP GROUP THAT US WAS NOT PREPARED TO MAKE UNILATERAL TARIFF CONCESSIONS. US DEL HOPED THAT WE WOULD BE INVOLVED IN SERIOUS NEGOTIATIONS WITHIN THE TP GROUP, AND LOOKED FORWARD TO CONTINUING CONSULTATIONS WITH THE VENEZUELAN DELEGATION AS SOON AS THEY RECIEVE ADDITIONAL INSTRUCTIONS.

7. COMMENT: VENEZUELAN DEL HAS NOT PLAYED AN ACTIVE ROLE IN MTN NEGOTIATIONS TO DATE., WITH ITS PRINCIPAL INTERESTS IN THE TRADE FIELD APPARENTLY LIMITED OFFICIAL USE
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THAT OF BECOMING ELIGIBLE FOR US GSP. GIVEN ITS LIMITED TRADE INTERESTS IN THE US TP OFFER, IT IS UNLIKELY THAT VENEZUELA WOULD BREAK RANKS WITH OTHER G-77 MEMBERS ON ISSUE OF CONTRIBUTIONS TO TP GROUP NEGOTIATION UNLESS THERE WAS WIDE ACCEPTANCE OF THE ADVISABILITY OF SO DOING AMONG ITS ANDEAN GROUP TRADING PARTNERS IN PARTICULAR AND OTHER LDCS IN GENERAL.WALKER

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